

# STAFFORD COUNTY SCHOOL BOARD

## Agenda Consideration

**TOPIC:** 457(b) Deferred Compensation Plan/  
Amendments to Regulation  
5-32.1 Payroll Deductions – Tax  
Sheltered Annuities

**ITEM NO:** 8N

**PREPARED BY:** H. Charles Woodruff, II  
Assistant Superintendent  
of Financial Services

**MEETING:** May 25, 2004

Lucy N. Maddy  
Director of Payroll  
and Benefits

**ACTION DATE:** May 25, 2004

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### ACTION REQUESTED BY THE SUPERINTENDENT:

That the School Board approve Zurich Life and AIG VALIC as vendors to offer a Deferred Compensation Plan as provided in Section 457(b) of the Internal Revenue Code to employees of Stafford County Public Schools effective July 1, 2004. Pursuant to School Board approval of the vendors for the 457(b) Deferred Compensation Plan, approve updating Regulation 5-32.1 Payroll Deductions – Tax Sheltered Annuities to include the two (2) vendors for voluntary payroll deductions.

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### KEY POINTS:

A 457(b) Deferred Compensation Plan will provide employees of the school division an opportunity to invest, side-by-side, in a 403(b) and a 457(b) Deferred Compensation Plan. Features of a 457(b) Deferred Compensation Plan that benefit employees are:

- Available to all employees
- Additional plan to reduce income taxes while boosting retirement savings,
- Earnings will accumulate tax-deferred,
- Contributions are not offset by contributions to a 403(b) Annuity Plan, and
- Upon termination of service no 10% penalty on distributions taken prior to age 59 ½, as there is in a 403(b) plan.

Update Regulation R5-32.1 Payroll Deductions – Tax Sheltered Annuities to include the addition of a 457(b) Deferred Compensation Plan and approved vendors for payroll deduction as approved by the School Board.

### SCHOOL BOARD GOAL 6:

Introduce programs to enhance employee status, within the school division and the community at large, so that employees are aware of their value to school and community. Measurable Objective 8 – By June 2004, the Department of Finance will institute payroll deductions for a voluntary 457 savings plan for employees. Measurable Objective 10 – By July 2004, the school division will implement a health benefits package with options for all employees.

**FUNDING SOURCE:** N/A

**AUTHORIZATION REFERENCE:** Internal Revenue Service Code